

## Message Text

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PAGE 01 BUENOS 03320 112045 Z

61

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 AID-20 IGA-02 COME-00 TRSE-00

OMB-01 CIAE-00 INR-10 NSAE-00 RSC-01 RSR-01 /058 W

----- 039657

R 111945 Z MAY 73

FM AMEMBASSY BUENOS AIRES

TO AMEMBASSY LA PAZ

INFO SECSTATE WASHDC 2018

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

LIMITED OFFICIAL USE BUENOS AIRES 3320

E. O. 11652: N/A

TAGS: EAGR, EAID, BR, AR, CI, BL.

SUBJ: AGRICULTURE: WHEAT AND FLOUR PRICES

REF: LA PAZ 2806

1. PRESENT PRICE OF FLOUR IS 61 .50 TO 70.00 PER 70 KILOS BASIS  
BUENOS AIRES DEPENDING UPON GRADE WHILE WHEAT IS AROUND 67 .50 TO  
68.00 PESOS PER 100 KILOS. EXPORT EXCHANGE RATE ON WHEAT IS  
8 .65 PESOS PER \$ U& S 1.00 WITH 36.3 PERCENT OF EXPORT  
TAXES. FOR FLOUR, EXCHANGE RATE IS 9.93 PER U\$ S 1.00 AND THERE IS  
A REBATE OF 5.0 PERCENT WHICH NETS TO 3.2 PERCENT DUE TO 1. 8  
PERCENT OF EXPORT TAXES. CURRENTLY BOTH WHEAT AND FLOUR EXPORTS  
ARE SUSPENDED AND CAN ONLY BE MADE BY NATIONAL GRAIN BOARD.  
IMPORTS ARE NOT APPLICABLE. THERE ARE SUBSIDIES GRANTED TO  
EXPORTERS FOR THE EXECUTION OF WHEAT SALES UNDER BILATERAL CON-  
TRACTS WITH BRAZIL, CHILE, JAPAN, AND POSSIBLY URUGUAY, AS LOCAL  
PRICES HAVE INCREASED TO POINT WHERE WITH EXPORT TAXES,  
EXPORTERS UNABLE TO MEET GOVERNMENT TO GOVERNMENT CONTRACTED  
PRICES. THESE VARY BY DESTINATION AND BY MONTH AND ONLY APPLICABLE  
ON BILATERAL SALES WHERE PRICES DETERMINED BY FORMULAS, OTHER  
ECONOMIC CONSIDERATION OR POLITICAL CONSIDERATIONS.

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PAGE 02 BUENOS 03320 112045 Z

2. WHEAT PRICES HAVE STRENGTHENED IN RECENT WEEKS AND CURRENT PRICES UP 20 PERCENT FROM MONTH AGO AND 110 PERCENT OVER YEAR AGO VERSUS ANNUAL INFLATION OF 70 TO 75 PERCENT. FACTORS ARE INFLATION, EXPORTERS DIFFICULTIES IN LOCATING SUFFICIENT SUPPLIES FOR BILATERAL CONTRACTS AND PROBABLY FARMER HESITANCY TO SELL DUE TO FAVORABLE PRICES ALREADY RECEIVED AND EXPECTATIONS FOR FURTHER INCREASES. WOULD APPEAR THAT WHEAT CROP VIRTUALLY FULLY COMMITTED ALTHOUGH MAY BE SMALL QUANTITIES REMAINING IF FURTHER PRICE RISIS.

3. BORDER TRADE DIFFICULT TO ANALYZE AND USUALLY BLACK MARKET EXCHANGE RATES COMES TO PLAY. CURRENTLY PESO AROUND 12 TO 13 IN BLACK MARKET.  
LODGE

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NMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 MAY 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Errors:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Authority:** garlanwa  
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**Secure:** OPEN  
**Status:** <DBA CORRECTED> mcm 980203  
**Subject:** AGRICULTURE: WHEAT AND FLOUR PRICES  
**TAGS:** EAGR, EAID, AR, BL, BR, CI  
**To:** BRASILIA  
EB  
LA PAZ  
LIMA  
SANTIAGO  
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